



# California Farm Bureau Federation

Office of the General Counsel

1601 Exposition Boulevard, FB3 • Sacramento, CA 95815 • Telephone (916) 924-4035

May 14, 1991

Mr. Lawrence M. Noble, General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20463

Re: Request for Advisory Opinion  
on Cost Allocation

Dear Mr. Noble:

Please send me an advisory opinion with respect to the following facts:

California Farm Bureau Federation (CFBF) is a nonprofit corporation representing the interests of farmers and ranchers throughout the State of California. CFBF sponsors a connected political committee which is a separate segregated fund called California Farm Bureau Federation Political Action Committee (FARM PAC®). FARM PAC® maintains a federal account and a non-federal account. CFBF provides administrative services to FARM PAC®, including providing salaried employees to handle FARM PAC®'S day-to-day activities.

11 CFR 106.6(b)(1)(i) and (ii) provide that a separate segregated fund must allocate its administrative and fundraising expenses only when the committee, rather than its connected organization, pays for them.

Please advise me whether FARM PAC® may legally reimburse CFBF for only those administrative expenses incurred on behalf of the non-federal account but not for those incurred on behalf of the federal account.

If FARM PAC® may legally do this, would that arrangement fall within the regulation just cited, with the result that FARM PAC® would not have to allocate its administrative and fundraising expenses? As the connected organization (i.e., CFBF) and not the committee (i.e. FARM PAC®) would be paying the administrative and

Nancy N. McDonough, *General Counsel*

*Associate Counsel*

Carl G. Borden • Steven A. Geringer • Carolyn S. Richardson • Karen Norene Mills

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fundraising expenses incurred on behalf of the federal account, I believe that allocation should not be required.

Please call me at (916) 924-4038 or write me if you need further information or clarification.

Sincerely,

  
CARL G. BORDEN

CGB:sh

cc: William C. Pauli  
George J. Gomes  
John Feace



FEDERAL ELECTION COMMISSION  
WASHINGTON D C 20461

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JUN 17 1991  
COUNSEL'S OFFICE

June 12, 1991

Carl G. Borden, Associate Counsel  
Office of the General Counsel  
California Farm Bureau Federation  
1601 Exposition Boulevard, FB3  
Sacramento, CA 95815

Dear Mr. Borden:

This responds to your letter dated May 14, 1991, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to payment of the administrative expenses of FARM PAC which is the separate segregated fund of the California Farm Bureau Federation ("CFBF").

Your letter states that CFBF is a nonprofit corporation in California representing the interests of farmers and ranchers in that state. It sponsors FARM PAC as a separate segregated fund under the Act and Commission regulations. FARM PAC maintains a Federal account and a non-federal account. You also indicate that CFBF provides administrative services to FARM PAC which include the services of salaried employees who handle day-to-day activities of FARM PAC.

Citing the Commission's allocation regulations, 11 CFR 106.6(b)(1), you ask "whether FARM PAC may legally reimburse CFBF for only those administrative expenses incurred on behalf of the non-federal account but not for those incurred on behalf of the federal account." Assuming such reimbursements are permitted, you further ask whether the result would follow that FARM PAC would not have to allocate its administrative and fundraising expenses.

The Act authorizes the Commission to issue an advisory opinion in response to a "complete written request" from any person with respect to a specific transaction or activity by the requesting person. 2 U.S.C. §437f(a). Commission regulations explain that such a request "shall include a complete description of all facts relevant to the specific transaction or activity with respect to which the request is made." 11 CFR 112.1(c).

In order to submit a complete request, please respond to the inquiries and questions set forth below.

1) Does FARM PAC propose to reimburse or pay the administrative expenses from its Federal or non-federal account? Explain the extent to which FARM PAC will report these reimbursements or payments.

2) Explain the basis on which FARM PAC or CFBF will determine those administrative or fundraising expenses incurred on behalf of the Federal account and those incurred for the non-federal account.

3) Describe and give examples of the specific types of activities or functions that you consider to be administrative services provided to FARM PAC by CFBF. You may wish to review 11 CFR 114.1(a)(2)(iii) and 114.1(b) in responding to this inquiry.

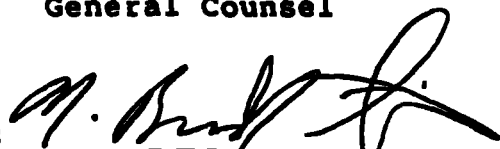
For your information, I enclose copies of Commission publications that summarize recently revised regulations at 11 CFR Part 106 and related provisions. I have highlighted those portions which appear most relevant to your inquiry.

Upon receiving your responses to the above questions, this office and the Commission will give further consideration to your inquiry as an advisory opinion request. If you have any questions concerning the advisory opinion process, the enclosed materials, or this letter, please contact the undersigned.

Sincerely,

Lawrence M. Noble  
General Counsel

by:



N. Bradley Litchfield  
Associate General Counsel

Enclosures



# California Farm Bureau Federation

Office of the General Counsel

1601 Exposition Boulevard, FB3 • Sacramento, CA 95815 • Telephone (916) 924-4035

91 OCT 23 PM 3:29

October 17, 1991

Mr. N. Bradley Litchfield  
Associate General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: Request for Advisory Opinion  
on Cost Allocation

Dear Mr. Litchfield:

**AOR 1991-35**

This responds to your letter of June 12, 1991, in which you requested more information to enable you to answer the question in my letter of May 14, 1991. For your convenience, a copy of each of those letters is enclosed.

For your additional convenience, I am restating here each of your questions.

Question 1: "Does FARM PAC propose to reimburse or pay the administrative expenses from its Federal or non-federal account? Explain the extent to which FARM PAC will report these reimbursements or payments."

Answer: Currently, California Farm Bureau Federation (CFBF) pays all administrative expenses. I would like to know whether CFBF's sponsored political committee which is a separate segregated fund called California Farm Bureau Federation Political Action Committee (FARM PAC<sup>®</sup>) may legally reimburse CFBF as follows. The non-federal account would pay a portion of the administrative expense. This would be a set amount billed every month by CFBF to FARM PAC. FARM PAC would report the payment of that amount as an expenditure on its state campaign report. The balance of the administrative expense would be reported for the non-federal account as an in-kind contribution. The federal portion would not be reported because CFBF would pay for it.

Question 2: "Explain the basis on which FARM PAC or CFBF will determine those administrative or fundraising expenses incurred on behalf of the Federal account and those incurred for the non-federal account."

Nancy N McDonough, General Counsel

Associate Counsel

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Answer: The total amount of administrative expense would be allocated by the same method as is used for Federal and non-federal accounts, that is, the funds-expended ratio. (FARM PAC's federal activity is approximately 15%.) The only portion that would be reimbursed would be the set amount which was established for the non-federal account. CFBF would cover the balance.

Question 3: "Describe and give examples of the specific type of activities or functions that you consider to be administrative services provided to FARM PAC by CFBF."

Answer: The administrative services include employee time, consulting fees, office space, printing/copying, postage, travel and supplies.

I hope that this provides you with the information that you need to respond to my question in my letter of May 14. However, if you need further information or clarification, call me at (916) 924-4038 or write me.

Sincerely,

  
CARL G. BORDEN

CGB:sh

cc: John Peace